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Testimony for Senate Bill 839
Submitted to the Energy and Technology Committee
March 4th, 2013

Members of the Finance Revenue and Bonding Committee,

On behalf of Noble Americas Energy Solutions I would like to offer this testimony regarding Section 19 of Senate Bill 839, namely the Governors Aggregation Energy Proposal

Noble Americas Energy Solutions LLC (Noble Americas) is part of Noble Group a global company whose North American Headquarters is located in Stamford CT. Noble Americas supplies electricity to customers' sites in every open market in the United States. Noble, has direct experience having participated in negotiated settlements, collaboratives and actively participated in the legislative processes in every state that has created municipal aggregations and or alternate default service proposals

With that in mind, as currently proposed, Senate Bill 839 has left us with both questions and perhaps some concerns. When creating an alternate default service program the devil is in the details. Default plans that consist of shorter contract terms are more closely aligned with the actual market, allowing the market to continue to provide a standard service offer. An artificial default service rate that does not truly reflect the cost of the default service leads to a rate that bears no rational relationship to the market. Without this relationship to the market customers do not have appropriate price signals to take advantage of demand response and energy efficiency opportunities. Retailers will find it difficult to offer demand response products as well as other competing offers. As with the rate caps of the past, competition will be harmed and will not flourish.

Supplanting the market with a mandatory opt out program that contains a temporary 5% reduction removes customer choice. Noble believes a customer should not have to "affirmatively" opt out in order to maintain their current default service choices. By way of experience, PA made their alternative default service option "Opt In" and created participation caps to prevent market power by those who may wish to carve up the market for a set price. They encouraged participation by all suppliers by not mandating large participation levels. The OptIn programs are handled separately by rate class so as not exclude suppliers who serve one rate class of customers. PA limited participation to customers who use 25 kw and below recognizing that customers over 25kw were actively participating in the competitive market as they are in CT. PA didn't displace the market but created market enhancements as a result.

Ohio too has created aggregated market enhancements. Ohio uses standardized descending clock auctions that remove any subjectivity where price and terms are known to the market. Ohio also recognized the need for do not call lists that are updated regularly when aggregating customers. In Ohio the utilities obligation to serve remains with the utility by statute. Administratively Ohio is currently going through a Retail Markets Investigation as well to determine further market enhancements however the statute remains.

Now comes the question of cost and who pays. As with other states that have looked at these types of programs we know that education is very important before, during, and after so as to avoid confusion and misunderstanding by the public. Any costs for such programs should follow cost causation principles and should not be borne by retail suppliers who choose not to participate, nor customers who choose the competitive market as opposed to an assignment program.

Noble is committed to the State of CT. We employ hundreds of employees in Stamford and applaud CT for looking at ways to bring more benefits to the ratepayers. We ask that you move cautiously in changing the default service landscape so as not to harm the market that we participate in. Again we appreciate the opportunity to briefly discuss Section 19 with you today and are happy to address any questions you may have now or in the future.

Kind Regards,

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